



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

PAGE NO 620

44th

MINUTE BOOK

HELD AT
KARACHI

ON
7th MARCH 1997

TIME
10:00 AM

MINUTES OF 44TH MEETING OF THE BOARD OF TRUSTEES OF
EOBI, HELD ON 08TH MARCH, 1997, AT KARACHI.

The 44th Meeting of the Board of Trustees of
EOBI was held at 10.00 a.m. on 08th March, 1997, in
the Board Room of EOBI, Head Office, at Karachi.

1. The following attended the meeting.

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| 1. | Mr. Anshad Latif,
Secretary, Ministry of Labour,
Manpower & Overseas Pakistanis. | President |
| 2. | Mr. Ahmed Nawab Qureshi,
Financial Adviser, EOBI. | Member |
| 3. | Mr. Javed Alam Khanzada,
Secretary Labour Department,
Govt. of N.W.F.P. | Member |
| 4. | Mr. Navyar Agha,
Secretary Labour Department,
Govt. of Baluchistan. | Member |
| 5. | Mr. Anshad Tanveer,
Employers' Representative,
Sindh. | Member |
| 6. | Haji Muhammad Rafique,
Employees' Representative,
Punjab. | Member |
| 7. | Mr. Nabi Ahmed,
Employees' Representative,
Sindh. | Member |
| 8. | Mr. Fazle Rabbi Dard,
Employees' Representative,
N.W.F.P. | Member |
| 9. | Haji Muhammad Ibrahim,
Employees' Representative,
Baluchistan. | Member |
| 10. | Mr. S. Barkatullah,
Chairman, EOBI. | Member |
| 11. | Mr. M. Ashraf Nadeem,
Director General, EOBI. | Member |
| 12. | Mr. Mujtaba Rasul,
Secretary Board of Trustees. | Secretary. |

2. Mr. Abdul Majeed, Deputy Director
General (Finance And Accounts), and Raja Faizul
Hassan Faiz, Director (Law & Board Secretariat),
also attended to assist the Board in its

PRESIDENT'S
INITIALS

44thHELD AT
KARACHI

ON

TIME

10:00 AM

deliberations.

3. The meeting commenced with recitation from the Holy Quran by Mr. Fazl-e-Rabi Dard.

4. At the outset Mr. S. Barkatullah welcomed Mr. Arshad Farooq as President of the Board and with his permission put up a resolution to acknowledge the valuable services rendered and guidance provided by Mr. A.Z.F. Sherdil as President of the Board from 25-05-1995 to 06-11-1996. The Board unanimously adopted the resolution and directed to convey the same to Mr. A.Z.F. Sherdil. The Board also welcomed the President and Mr. A.H. Qureshi, Financial Advisor.

ITEM NO.1 TO CONFIRM THE MINUTES OF THE 43RD MEETING OF BOARD OF TRUSTEES.

5. The minutes of the last meeting were put up to the Board for confirmation. The President asked whether any objection to the minutes was received. Since no objection was received the minutes were confirmed.

ITEM NO.2. TO CONSIDER REPORT ON ACTIONS TAKEN ON DECISION OF THE BOARD IN HIS LAST MEETING.

6. The Board then took up consideration of the report on actions taken on decisions of the Board in the last meeting.

7. While considering the payment of Bonus to the employees of the Institution, the President desired that since funds of the Institution are held in trust for meeting long term obligations, towards pensioners whether income earned on investment of surplus can be construed as profit. He desired that legal opinion may be obtained on the issue whether income from funds held in trust should be considered profit out of which bonus may be payable. Mr. Javed Khanzada, desired to know the financial impact of the bonus, and was informed that in 1995-96 bonus paid amounted to Rs.6.23 million.

8. Regarding the decision of the Board for creation of two teams for vigilance, the Chairman EOBI proposed creation of a number of additional posts. In view of need for economy in all areas, the President suggested that Chairman EOBI should have assigned the functions meant for the vigilance cells to the zonal/regional office with proper monitoring by the officers at Head Office instead of creating new positions.

9. For considering the Repo Deals, the President desired to know the financial involvement

PRESIDENT'S
INITIALS

6



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

PAGE NO 612

44th

MINUTE BOOK :

HELD AT
Karachi

ON

TIME
10:00 AM

in such deals. It was informed that the Institution earns approximately 2% profit on such deals by lending securities to financial institutions in a letter based transaction whereby the financial institution can improve their liquidity ratio as per SBP Regulations and neither the funds of the Institution are involved nor the securities are physically handed over to the concerned institutions.

10. The Board then considered actual expenditure upto December, 1996 which amounted to Rs.11.5 million and the President desired to know the heads under which the above amount had been spent. Details of the Capital expenditure were provided, according to which Rs.6.00 million were spent on purchase of vehicles and about Rs.4.00 million were spent on construction/ purchase of new buildings. The President mentioned that the cost of construction of the building at Feshawar appeared to be more than Rs.7000/- per square feet which was far in excess of normal construction rates and desired that the same may be looked into. The President advised Chairman EOBI to try to economise in the all areas. (especially entertainment)

11. Regarding the printing work to be done by Printing Corporation of Pakistan, after detailed discussion on the subject it was decided that the Institution may not give future printing work to the Printing Corporation of Pakistan which has been far behind in delivering orders. Instead of this, the printing work may be done from the private printers in a transparent manner and at most competitive rates by following the prescribed procedure. It was also decided that the Institution may write to the Labour Division for taking up the matter with the Cabinet Division for review of decision, as Printing Corporation of Pakistan does not carry out the job in time and its rates are also higher than the market rates. The delay in supplying the required printed material is not only causing great hardship to the pensioners, insured persons and employers but also adversely affecting the smooth functioning of the Institution.

ITEM NO.3. TO CONSIDER PERFORMANCE OF THE INSTITUTION FOR THE PERIOD FROM 1-7-1996 TO 31-12-1996

12. While considering the above items the President observed that more comprehensive information including total number of registrable establishments, number of establishments registered in certain time period etc. was required to enable the Board to properly evaluate the performance. He

PRESIDENT'S
INITIALS

44thHELD AT
KARACHI

ON

8 MAR 1997

TIME

10:00 AM

desired that the performance must be assessed on the basis of proper yard sticks/ preset standards. Similarly, as regards disposal of the Pension Claims, more information is to be provided regarding the time frame within which the referred claims were settled. It was not possible to judge if the claims were settled promptly or were unduly delayed. Mr. S. Barkatullah informed that the Institution monitors the settlement of claim on the basis of time frame taken i.e. within 45 days, within 3 months and in more than 3 months and the concerned officials are taken to task, in case the settlement of claims are found unduly delayed.

13. Mr. Javed Khanzada appreciated the arrangement of the Institution regarding the speedy settlement of claims, but desired that the Members of the Board may like to know more regarding the working of the systems and procedures adopted by the Institution to enable them to properly assess its performance. It was decided that the Institution may prepare necessary programme giving the operational arrangement, the load of work, the manpower attending to the volume of work in the field regional zonal offices to enable the Board to properly assess the performance and suggest improvement. The presentation regarding the field operations and the working of EDBI may be prepared for presentation in third week of April, 1997.

14. As regards the collection of contribution, settlement of claim, on a suggestion from Director General, EDBI, the President desired that the Board members may also visit the EDBI offices and establishments within their areas at their convenience for which proper identify cards may be provided to them by the Institution.

ITEM NO. 4 TO CONSIDER INVESTMENT ACTIVITIES OF THE INSTITUTION.

15. The Board then took up consideration of the investment activities of the Institution.

16. The Board was informed that there was steep decline in the market value of the shares and the current loss in values as high as 48% of the cost i.e. against Rs.44.00 million cost, the market value of the shares had gone down approximately to Rs.23.00 million showing a deficit of Rs.21.00 million. Mr. Javed Khanzada desired that no further investment may be made in shares. Mr. S. Barkatullah informed that the Board had already directed the Institution to stop any further investment in the shares market in the last Board meeting, and that no further funds were being invested in shares.

PRESIDENT'S
INITIALS



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

44th

MINUTE BOOK

HELD AT
KARACHI

ON
16/11/83

TIME
10:00 AM

17. As regards roll over of funds with IDBP @ Rs.18.50% per annum with profit payable half yearly, it was informed that as a result of the liquidity position of IDBP and despite the fact that the Institution investment is due for repayment, IDBP instead of making the payment has offered to renew the investment for further period of four years at 18.5% per annum interest rate.

18. Mr. Javed Khanzada desired to know the amount of the Institution involved with IDBP, it was informed that the Institution had invested Rs.758.22 million in IDBP.

19. After some discussion, it was decided that as the IDBP deposit was guaranteed by the Federal Government, the investment may be renewed @18.50% which seems to be competitive.

20. As regards the investment in Habib Bank Limited, the Board was informed that the Investment Committee had approved Rs.1000.00 million for a period of four years profit payable at maturity, with principal amount. However, Financial Advisor was verbally advised by the Additional Secretary Finance to divert all investible funds in Defence Saving Certificates and as such the investment in Habib Bank Limited was suspended at Rs.6.26 millions. The written confirmation of the above directive was still not received, therefore, the Board decided that investment may be made in accordance with the Investment Rules.

21. While reviewing the investment portfolio of the Institution, the President desired to know the rationale of keeping Rs.43.00 millions with Habib Bank as SNID, at 6.8% per annum. Mr. S. Barkatullah explained that this investment has been made under a written agreement with Habib Bank Limited, under which Habib Bank will provide services through its approximately 500 branches throughout the country to pay pension to more than 100,000 pensioners of the Institution and collect contribution from establishments throughout Pakistan. He further stated that if this arrangement was dis-continued, the Institution will have to spend far higher sums for their activities and because of this, the job had been given to Habib Bank through a competitive process inviting all the nationalised banks.

22. After detailed discussion, it was decided that the matter may be considered afresh after the existing agreement expires in December, 1987, when atleast PLS rates announced by the Banks may be negotiated for such deposits made in consideration of banking services.

PRESIDENT'S INITIALS

44th

HELD AT

KARACHI

ON

TIME

10:00 AM

23. Mr. Javed Khanzada stated that the Institution has a very large portfolio and its funds are substantial enough to increase the pensions of the pensioners which is Rs. 425/- per month which is too low keeping in view the present inflationary conditions. The President desired to know the financial impact if the pensions are enhanced from Rs. 425/- to Rs. 650/- per month. He was informed that the financial impact will be Rs. 377 million per annum.

24. After detailed discussions, it was decided that the Institution may send a summary in consultation with the Actuary to the Labour Division for increasing the pensions suitably on the assumption that recommendations on the Task Force are not accepted.

ITEM NO.5 THE PROPOSAL OF CAREER PLANNING OF STAFF OF EOBI

25. The Board was informed that under the settlement of the previous Charter of Demands of the Employees Federation, under the guidance of the NIRC, a proposal for the career planning was prepared. The proposals finalized by the Management and the Staff Federation initially approved by the C&A Committee were finally approved by the Board through circulation and submitted to the NIRC which issued an award which has been received from the Labour Division with direction to implement the same. The Board confirmed the proposals and accorded approval for the implementation of the Award.

ITEM NO.6 ANY OTHER ITEM WITH THE APPROVAL OF THE CHAIRMAN

26. The President informed the Board that he desires to discuss certain other matters in the Board meeting;

a) IRREGULAR APPOINTMENTS IN EOBI

27. The President informed that the Institution had recruited 24 officers in violation of the institution's recruitment procedure. Therefore, the employees recruited irregularly, may be immediately terminated as per the terms of appointment. After lifting of the ban the other recruitment may be made in accordance with the approved procedure.

28. Mr. Fazli Rabi Dard informed that the same may give rise to litigation and the employees may go to the Courts. Mr. Nabi Ahmad also stated that the Institution also had shortage of manpower and that the present employees may be

PRESIDENT'S
INITIALS

b



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

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allowed to continue till the ban is lifted.

29. After detailed discussion, it was decided that the services of the employees appointed irregularly may be terminated and they may be given a chance to appear before the selection Committee as and when posts are advertised and if they ~~meet~~ other requirements regarding qualifications etc.

b) APPOINTMENT ON DEPUTATION

30. The Board was informed that 22 employees were working on deputation in the Institution in various grades and that there is no prescribed procedure for acquiring services on deputation which is finalised through mutual consent of borrowing and lending organisation subject to fulfillment of prescribed qualifications, experience and existence of clear vacancies for direct recruitment.

31. After some discussion, it was decided that candidates on deputation should compete with all other applicants qualified for the jobs advertised and be recruited through prescribed procedure.

c) ENTERTAINMENT EXPENSES

32. The President informed the Board that the entertainment expenses of the Institution were considered to be on higher side and needed to be controlled and desired that expense beyond the fixed monthly limit may not be incurred.

d) CONTRIBUTION BY EOBI TO ANY OTHER ORGANISATION

33. The matter regarding contribution of EOBI to the Prime Minister's flood relief fund amounting to Rs.10 million made in August, 1995 was taken up. Considering the fact that the contribution was also included in the revised budget approved by the Board, the Board desired that such contribution in future may only be made where thoroughly justified and if the budget provision existed for the same.

34. There being no other business, the meeting ended with vote of thanks to the Chair.

*Minutes are confirmed subject to the observations made in 45th meeting and date
M.H. 18/6/97
31/5/97*

PRESIDENT'S INITIALS

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